N 92-2274

O 32404

Form 10-Q

SECURITIES AND EXCHANGE COMMISSION

Q-36131

Washington, D.C. 20549

92070747

RECD S.E.C. MAR 10 1992 147

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 25, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-19447

NATIONAL BEVERAGE CORP.

(Exact name of registrant as specified in its charter)

Delaware	59-2605822
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One North University Drive, Ft. Lauderdale, FL	33324 (Zip Code)
(Address of principal executive offices)	

PROCESSED BY MAR 19 1992

(305) 581-0922

(Registrant's telephone number, including area

Microfilmed by Q-Data Corp. - St. Petersburg, FL

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report), and (2) has been subject to such filing requirements for the past 90 days.

Yes (X) No ( )

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

2,320,591 Shares of $.01 Par Value Common Stock as of March 9, 1992

Manually Signed

National Beverage Corp.
Quarterly Report On Form 10-Q
For Quarter Ended January 25, 1992

INDEX

	Page
Condensed Consolidated Balance Sheets as of January 25, 1992 and April 27, 1991	3
Condensed Consolidated Statements of Income for the three months and nine months ended January 25, 1992 and January 26, 1991	4
Condensed Consolidated Statement of Shareholders' Equity for the nine months ended January 25, 1992	5
Condensed Consolidated Statements of Cash Flows for the nine months ended January 25, 1992 and January 26, 1991	6
Notes to Condensed Consolidated Financial Statements	7
Part I - Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	9
Part II - Item 6. Exhibits and Reports on Form 8K	11
Signature	12

NATIONAL BEVERAGE CORP. AND CONSOLIDATED SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF JANUARY 25, 1992 AND APRIL 27, 1991 (Dollars in thousands)

	(Unaudited) Jan. 25, 1992	April 27, 1991
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 18,817	$ 18,028
Trade receivables (net of allowance of $2,007 at January 25, 1992 and $1,896 at April 27, 1991)	16,816	24,570
Inventories	17,773	17,950
Prepaid and other	1,300	981
Total current assets	54,706	61,529
PROPERTY - Net	55,003	57,019
INTANGIBLE AND OTHER ASSETS	12,814	13,086
INVESTMENT IN AFFILIATE	16,307	16,307
TOTAL	$138,830	$147,941
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 10,936	$ 18,902
Accrued liabilities	17,002	17,058
Income taxes payable	94	3,069
Payable to affiliate	869	1,622
Current portion of long-term debt	32,393	31,079
Total current liabilities	61,294	71,730
LONG-TERM DEBT:		
Affiliate	17,200	17,161
Other	28,658	31,507
Total long-term debt	45,858	48,668
DEFERRED INCOME TAXES	6,268	6,776
SHAREHOLDERS' EQUITY:		
Preferred stock, 7% cumulative, $1 par value, aggregate liquidation preference of $15,000 (1,000,000 shares authorized; 150,000 shares outstanding)	150	150
Common stock, $.01 par value (10,000,000 shares authorized; 2,320,591 shares outstanding)	32	32
Additional paid-in capital	14,819	14,819
Retained earnings	22,157	17,514
Treasury stock - At cost	(7,176)	(7,176)
Company's pro rata interest in the cost of its shares held by affiliate	(4,572)	(4,572)
Total shareholders' equity	25,410	20,767
TOTAL	$138,830	$147,941

See accompanying notes to condensed consolidated financial statements.

NATIONAL BEVERAGE CORP. AND CONSOLIDATED SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS AND NINE MONTHS ENDED
JANUARY 25, 1992 AND JANUARY 26, 1991
(Dollars in thousands, except per share amounts)

	(Unaudited)			
	Three Months Ended		Nine Months Ended	
	1992	1991	1992	1991
GROSS SALES	$76,094	$76,699	$297,167	$289,240
LESS - Cash and promotional discounts	14,736	16,014	54,689	59,468
SALES - Net	61,358	60,685	242,478	229,772
EXPENSES:				
Cost of sales	45,331	48,106	178,909	171,717
General, administrative and selling	14,423	12,796	48,241	44,732
Total	59,754	60,902	227,150	216,449
INCOME (LOSS) FROM OPERATIONS	1,604	(217)	15,328	13,323
INTEREST EXPENSE	(1,936)	(3,050)	(5,844)	(8,711)
OTHER INCOME - Net	215	260	679	783
INCOME (LOSS) BEFORE INCOME TAXES AND EQUITY IN (LOSS) OF AFFILIATE	(117)	(3,007)	10,163	5,393
PROVISION (BENEFIT) FOR INCOME TAXES	164	(1,122)	4,732	2,335
INCOME (LOSS) BEFORE INCOME TAXES AND EQUITY IN (LOSS) OF AFFILIATE	(281)	(1,885)	5,431	3,058
EQUITY IN (LOSS) OF AFFILIATE	-	(2,483)	-	(1,533)
NET INCOME (LOSS)	$ (281)	$ (4,368)	$ 5,431	$ 1,525
SHARES USED IN PER SHARE COMPUTATIONS (000)	2,321	2,296	2,321	2,296 (1)
EARNINGS (LOSS) APPLICABLE TO COMMON SHARES	$ (463)	$ (4,506)	$ 4,885	$ 1,111
NET INCOME (LOSS) PER COMMON SHARE	$ (.20)	$ (1.97)	$ 2.10	$ .48 (1)

(1) Restated for the approximately 31.5 to 1 stock split declared by the Company on January 20, 1991.

See accompanying notes to condensed consolidated financial statements.

ATIONAL BEVERAGE CORP. AND CONSOLIDATED SUBSIDIARIES

ONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
OR THE NINE MONTHS ENDED JANUARY 25, 1992 (Dollars in thousands)
'naudited)

	PREFERRED STOCK	COMMON SHARES OUTSTANDING	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	TREASURY STOCK	PRO RATA INTEREST IN COMPANY SHARES HELD BY AFFILIATE	RETAINED EARNINGS	TOTAL SHAREHOLDERS' EQUITY
BALANCE AT APRIL 27, 1991	$150	2,320,591	$32	$14,819	$(7,176)	$(4,572)	$17,514	$20,767
NET INCOME							5,431	5,431
PREFERRED STOCK DIVIDENDS							(788)	(788)
BALANCE AT JANUARY 25, 1992	$150	2,320,591	$32	$14,819	$(7,176)	$(4,572)	$22,157	$25,410

See accompanying notes to condensed consolidated financial statements.

NATIONAL BEVERAGE CORP. AND CONSOLIDATED SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED JANUARY 25, 1992 AND JANUARY 26, 1991
(Dollars in thousands)

	(Unaudited) 1992	1991
OPERATING ACTIVITIES:		
Net income	$ 5,431	$ 1,525
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,654	4,431
Deferred income tax benefit	(508)	-
Equity in loss of affiliate	-	1,533
Provision for doubtful accounts and other	111	495
Gain on sale of property	43	11
Changes in:		
Receivables	7,643	5,362
Inventories	177	430
Prepaid and other assets	(427)	570
Accounts payable	(7,966)	(4,431)
Other current liabilities	(3,784)	(1,573)
Net cash provided by operating activities	5,374	3,353
INVESTING ACTIVITIES:		
Property additions	(2,307)	(2,067)
Proceeds from sale of property	6	36
Net cash used in investing activities	(2,301)	(2,031)
FINANCING ACTIVITIES:		
Long-term debt:		
Borrowings	13,325	36,037
Repayments	(14,821)	(43,111)
Preferred stock dividends paid	(788)	(788)
Net cash used in financing activities	(2,284)	(7,862)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	789	(1,540)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	18,028	22,300
CASH AND CASH EQUIVALENTS - END OF PERIOD	$18,817	$20,760

See accompanying notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 25, 1992
(Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of National Beverage Corp. (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information. They do not include all information and footnotes required by generally accepted accounting principles for annual financial statements. Except for the matters disclosed, however, there has been no material change in the information disclosed in the notes to consolidated financial statements included in the Company's financial statements for the year ended April 27, 1991. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Results for the interim periods presented are not necessarily indicative of results which might be expected for the entire fiscal year. Certain prior year amounts have been restated to conform to the current presentation.

The Company is in the process of evaluating ways to further reduce its ownership in its affiliate. Due to the immateriality of the amount of earnings and the possibility that the equity method of accounting may be discontinued in the future, equity in earnings of affiliate has not been reflected for the period ended January 25, 1992. Based on quoted market prices, the aggregate market value of the Company's holdings in its affiliate was approximately $12,220,000 at January 25, 1992.

2. INVENTORIES

Inventories are stated at the lower of first-in, first-out (FIFO), cost or market at January 25, 1992 and April 27, 1991 and are comprised of the following:

	January 25, 1992	April 27, 1991
Finished goods	$ 8,554,000	$ 9,399,000
Raw materials and packaging supplies	9,219,000	8,551,000
Total	$17,773,000	$17,950,000

3. PROPERTY

Property at January 25, 1992 and April 27, 1991 consists of the following:

	January 25, 1992	April 27, 1991
Land	$ 8,026,000	$ 8,026,000
Buildings and improvements	26,815,000	26,616,000
Machinery and equipment	48,039,000	45,989,000
Total	82,880,000	80,631,000
Less accumulated depreciation	(27,877,000)	(23,612,000)
Property - net	$55,003,000	$57,019,000

4. LONG-TERM DEBT

Long-term debt at January 25, 1992 and April 27, 1991 consists of the following:

	January 25, 1992	April 27, 1991
Subordinated debenture due affiliate, effective rate of 14.6%, due November 1994 through November 2000, net of discount of $300,000 at January 25, 1992 and $339,000 at April 27, 1991	$17,200,000	$17,161,000
Due others:		
Revolving credit (see below)	$35,379,000	$32,029,000
Note payable, at 10%, due in semi-annual installments through September 19, 1994	4,095,000	7,385,000
Note due bank, prime + 1/2% (7% at January 25, 1992), due January 31, 1992, collateralized by affiliate stock	7,500,000	8,000,000
Note due bank, reference rate + 1/2% (7% at January 25, 1992), due 1995, collateralized by subsidiaries' assets	11,263,000	12,112,000
Other (including capital leases)	2,814,000	3,060,000
Total	61,051,000	62,586,000
Less current portion	32,393,000	31,079,000
Long-term portion	$28,658,000	$31,507,000

As of January 25, 1992, the Company had a revolving credit agreement, secured by the assets of certain subsidiaries, which bears interest at prime plus 1/2% or at the euro dollar rate plus 1 3/4%, at the Company's option. The interest rate on the revolving credit agreement was 7% at January 25, 1992. This agreement was modified on October 30, 1991 to provide that, among other things, amounts available under such line of credit ($35,379,000 at January 25, 1992) would decline by $1,250,000 on February 29, 1992, April 30, 1992 and June 30, 1992; and on July 31, 1992, the amount available declines to $15,100,000 and continues to decline by $1,000,000 quarterly to $13,100,000 through January 31, 1993, at which time the line of credit expires. The credit agreement contains restrictions on capital expenditures, incurrence of additional debt and commitments, and payment of dividends by the subsidiaries, and requires such subsidiaries to maintain minimum levels of net worth. In addition, the Company had outstanding letters of credit of $1,317,000 at January 25, 1992.

A subordinated note payable in the amount of $7,385,000 was previously subject to litigation with respect to certain claims relating to assets purchased from the holder. The litigation was settled on September 19, 1991, and in conjunction with such settlement, the Company made a principal payment of approximately $3,290,000 and delivered a new note in the amount of $4,095,000.

A note payable to a bank in the principal amount of $8,000,000 was due on July 31, 1991. On November 27, 1991, the Company entered into an agreement with the bank which provided for a $500,000 principal reduction and extended the maturity of the remaining principal balance of $7,500,000 to January 31, 1992. Subsequent to January 31, 1992 the Company entered into an agreement with the bank which provided for a $250,000 principal reduction and extended the maturity of the remaining principal balance of $7,250,000 to April 30, 1992.

The Company is currently engaged in discussions with certain lenders regarding the refinancing of substantially all of the Company's debt, other than amounts due its affiliate, and such lenders have expressed a strong interest in such refinancing. Although there can be no assurances that any such refinancing transactions will be consummated, management believes that sufficient sources of alternate refinancing are available to the Company. Such potential alternate refinancing sources include, among others, the private placement or public offering of debt or equity securities.

PART I - FINANCIAL INFORMATION

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL POSITION

The Company's cash and cash equivalents increased $789,000 to $18,817,000 during the nine months ended January 25, 1992. Cash generated from operating activities for the nine month period amounted to $5,374,000 which was used principally for the repayment of long term debt and capital additions, and to a lesser extent for payment of preferred stock dividends.

As of January 25, 1992, the Company's working capital deficit was $6,586,000. Current liabilities totalled $61,294,000 which included $32,393,000 current portion of long-term debt. The Company is currently engaged in discussions with certain lenders regarding the refinancing of substantially all of the Company's debt, other than amounts due its affiliate, and such lenders have expressed a strong interest in such refinancing. Although there can be no assurances that any such alternative refinancing transactions will be consummated, management believes that sufficient sources of alternate refinancing are available to the Company. Such potential alternate refinancing sources include, among others, the private placement or public offering of debt or equity securities.

The Company's current financing activities other than the refinance have consisted primarily of borrowings and repayments under existing revolving credit agreements. Management believes these resources to be adequate to satisfy current operational needs.

An aggregate of $46,642,000 of the Company's bank debt outstanding at January 25, 1992 represents the primary obligations of two of the Company's subsidiaries, secured by certain of their respective assets. Such loans contain certain financial covenants which restrict the amount of dividends, loans and other payments to the Company, the maintenance of minimum levels of net worth, limitations on capital expenditures, and incurrence of additional debt and commitments. A subsidiary loan agreement provides that the loan becomes due in the event of certain changes in control.

The Company's level of capital expenditures for the nine month period ended January 25, 1992 were $2,307,000. The Company anticipates that the level of capital expenditures will remain the same for the balance of the fiscal year.

RESULTS OF OPERATIONS

Nine Months Ended January 25, 1992 as compared to Nine Months Ended January 26, 1991

Net sales for the nine months ended January 25, 1992 increased by $12,706,000 or 5.5% to $242,478,000 as compared to $229,772,000 for the same period in the prior year. Net unit pricing decreased by 3.7% during the current period when compared to the prior year due to a shift in sales mix and increased promotional activity. The Company's total case volume increased 9.5% from the level in the same period in the prior year.

Cost of Sales for nine months ended January 25, 1992 increased $7,192,000, or 4.2%, to $178,909,000 as compared to $171,717,000 for last year. Such increase is attributable principally to higher case volume. Cost per unit for the current period decreased 5.0% when compared to the same period in the prior year. This is principally the result of the increased unit volume, a shift in product mix, and lower raw material costs. Management anticipates this trend will continue for the balance of the fiscal year.

General, administrative and selling expenses increased by 7.8% to $48,241,000 for the nine months ended January 25, 1992 when compared to the same period in the prior year. The increased expense resulted from legal fees related to litigation which was dismissed during the period, higher case volume and the effects of inflation on certain expenses.

Interest expense declined to $5,844,000 for the period as compared to $8,711,000 for the same period in the prior year due mainly to the reduction in debt resulting from the exchange of 3,846,163 shares of affiliate common stock owned by the Company for $22,500,000 of debt owed to the affiliate by the Company and, to a lesser extent, lower interest rates during the current fiscal year.

Other income, which is comprised principally of interest income, decreased $102,000 in the current period when compared to the same period in the prior year, due principally to lower average interest rates.

The Company's effective tax rate increased from 43% to 47% due principally to changes in profitability which effects the relative impact of certain state taxes.

Three Months Ended January 25, 1992 as compared to Three Months Ended January 26, 1991

Net sales for the three months ended January 25, 1992 increased by $673,000 or 1.1% to $61,358,000 as compared to $60,685,000 for the same period in the prior year. Net unit pricing decreased by 5.3% during the current quarter when compared to the prior year due to a shift in sales mix. The Company's case volume increased 7.0% from the level in the same period in the prior year, and more than offset the net unit pricing decline.

The Company's unit sales and profits from operations are generally lower during this period (November through December) due to seasonal factors.

Cost of Sales per unit for the current quarter decreased by approximately 12.0% when compared to the same period in the prior year. This is a result principally of the increased unit volume and shift in product mix.

General, administrative and selling expenses increased by 12.7% to $14,423,000 for the three months ended January 25, 1992 when compared to the same period in the prior year. The increased expense resulted principally from higher case volume during the period, and the effects of inflation on certain expenses.

Interest expense declined to $1,936,000 for the quarter as compared to $3,050,000 for the same period in the prior year due mainly to the reduction in debt resulting from the exchange of 3,846,163 shares of affiliate common stock owned by the Company for $22,500,000 of debt owed to the affiliate by the Company and, to a lesser extent, lower interest rates during the current period.

The Company's tax provision for the period was principally effected by the profitability of certain subsidiaries relative to the impact of certain state taxes.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits - None

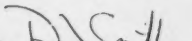
(b) Reports on Form 8-K - None

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NATIONAL BEVERAGE CORP.

DATE: March 9, 1992

By: 
Raymond J. Smith
Vice President/Finance
(On behalf of the Registrant and as Principal Accounting Officer)